

Message Text

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ACTION EB-08

INFO OCT-01 AF-08 EUR-12 ISO-00 AID-05 CIAE-00 COME-00
FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06
SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 L-03 H-02 NSC-05
SS-15 STR-04 CEA-01 PA-02 PRS-01 AGRE-00 /110 W
-----221052 127992 /17

R 220853Z FEB 77
FM AMEMBASSY ADDIS ABABA
TO SECSTATE WASHDC 2817
INFO AMEMBASSY KHARTOUM
AMEMBASSY LONDON
AMEMBASSY NAIROBI
AMCONSUL ASMARA

UNCLAS ADDIS ABABA 01054

E.O. 11652: N/A
TAGS: EPAP, EAGR, ETRD, ET
SUBJECT: ETHIOPIAN COFFEE SITUATION

REF: 76 ADDIS ABABA 5105 B) 76 ADDIS ABABA 0662
C) 76 ADDIS ABABA 12260

1. KNOWLEDGEABLE COFFEE INDUSTRY SOURCES IN ADDIS ABABA AND IN
COFFEE PRODUCING REGIONS BELIEVE THAT ETHIOPIAN COFFEE EXPORTS
DURING CURRENT COFFEE YEAR (OCT. 1, '76 - SEPT. 30, '77)
WILL TOTAL 75-80,000 TONS, COMPARED TO APPROXIMATELY 70,000
TONS DURING PREVIOUS COFFEE YEAR. OPTIMISM IS BASED UPON GENERALLY
FAVORABLE CROPS WHICH HAS ALREADY BEEN HARVESTED AS WELL AS
HIGH WORLD MARKET PRICE AS INCENTIVE TO
MAXIMIZE EXPORTS.

2. DESPITE OPTIMISM OVER AVAILABLE CROP, ADDIS ABABA EXPORTERS
HAD BEEN CONCERNED ABOUT VERY SLOW RATE OF ARRIVALS OF COFFEE
FROM THE INTERIOR. DURING FIRST FOUR MONTHS OF CURRENT COFFEE
YEAR, ARRIVALS
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AT ADDIS ABABA AUCTION HAVE TOTALED ONLY 17,046 M.T.
COMPARED TO 29, 470 M.T. DURING SIMILAR PERIOD LAST YEAR.
PRIMARY REASON FOR DELAY IN ARRIVALS APPEARS TO BE RELUCTANCE
OF PEASANT ASSOCIATIONS TO MARKET COFFEE BECAUSE THEY EXPECT
PRICE TO RISE ABOVE CURRENT LEVELS. IN ADDITION, MANY ASSOCIATIONS
ARE REFUSING TO SELL COFFEE TO TRADERS OR GOVERNMENT COFFEE
PRODUCING AND PROCESSING AGENCY (CPPA) AND INSTEAD ARE RENTING

TRUCKS, SHIPPING COFFEE TO ADDIS ABABA AND SELLING THEIR COFFEE ON THE AUCTION. DURING THE PAST TWO WEEKS, HOWEVER, ARRIVALS HAVE PICKED UP TO A LEVEL OF 40 TRUCKS PER DAY (400 M.T. PER DAY) AND MOST OBSERVERS BELIEVE THE WORST DELAYS ARE PAST. THE NET EFFECT WILL PROBABLY BE A MORE CONSTANT STREAM OF COFFEE ARRIVALS CONTINUING INTO JULY AND AUGUST RATHER THAN DROPPING OFF SHARPLY IN MAY AS HAS BEEN THE PATTERN IN THE PAST.

3. EMBASSY HAS SEEN NO EVIDENCE THAT ANY EPMG AGENCY OR PRIVATE EXPORTER IS ATTEMPTING TO WITHHOLD SUPPLIES FROM THE WORLD MARKET. ON THE CONTRARY, EPMG POLICY EXPRESSED BY THE CPPA IS TO MAXIMIZE THE EXPORT OF COFFEE AND GOVERNMENT AGENCIES HAVE TAKEN SEVERAL STEPS TO PRESSURE THE ASSOCIATIONS TO SHIP THE COFFEE.

4. WITH RECORD EXPORT PRICES (US\$2.35 PER POUND AS OF FEB. 17) AND UNDER THE NEW COFFEE EXPORT SURTAX STRUCTURE, (SEE REFTEL C) THE EPMG IS RECEIVING \$1.20 PER POUND EXPORTED WHILE APPROXIMATELY \$.89 IS GOING TO THE GROWER. THE BALANCE COVERS TRANSPORTATION, PROCESSING AND OTHER MISCELLANEOUS LOCAL CHARGES INCURRED BY THE EXPORTER. THE EPMG IS REALIZING GREATLY INCREASED REVENUES FROM COFFEE BUT THE GROWER IS ALSO RECEIVING HIGHER PRICES THAN EVER BEFORE.

5. A COMPLETE REPORT ON COFFEE SITUATION INCLUDING OBSERVATIONS BASED ON EMBOFFS' RECENT TRIP TO WESTERN ETHIOPIA FOLLOW BY AIRGRAM.
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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 22-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770061-0034
Format: TEL
From: ADDIS ABABA
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1977/newtext/t19770223/aaaaatyg.tel
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Litigation Code IDs:
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